

Summary of Principal Terms:

The following is a summary of principal terms reached between Avaj Corporation and Krishna Yarlagadda on March 12, 1999 relating to the separation of Mr. Yarlagadda from Avaj. This terms and conditions have been discussed and witnessed by the individuals who have signed at the end of this Summary.

1.0) Separation

It has been agreed that Krishna Yarlagadda will resign as President and CEO of Avaj. The separation date is March 15, 1999. On that date, Mr. Foley will assume the role of President and Chief Executive Officer.

2.0) Compensation

2.1) Stock

Mr. Yarlagadda will be granted 950,000 shares of common stock for services rendered to date.

2.2) Compensation for Future Services

Compensation for contributions to the company after the separation are to be determined by the BOD.

3.0) Board Representation

The three member board will consist of Mr. Yarlagadda, Mr. Foley, and Professor Arogyaswami Paulraj. Deepak Moorjani, Kumar Yamani, and Professor Tom Kailath will act as board observers. It is understood that board composition will be re-evaluated at a significant funding event

4.0) Other Founders

Founders excluding Mr. Yarlagadda ("Other Founders") will share a pool of 2.15 million shares of common stock. It is intended that the ratio of Mr. Yarlagadda's 950,000 shares to the Other Founders' shared pool of 2.15 million shares be held constant through Series A funding. Of the Other Founders' 2.15 million shares, Mr. Foley will be entitled to 880,000 shares, Sanjay Vishin will be entitled to 540,000 shares, Suresh Kadiyala will be entitled to 420,000 shares, and Srinivas Lingam will be entitled to 310,000 shares.

5.0) Reversion

In the event the company cannot raise in excess of \$600K of new money (money in addition to any money provided by Mr. Yamani) within 90 days after the date of separation, the board will decide whether the company should revert. If the board should so decide, then, at the board's discretion, any or all of the Other Founders (Mr. Vishin, Mr. Kadiyala, Mr. Lingam, and Mr. Foley) may be asked to leave the company. The other founders agree to part amicably with their vested stock. If Mr. Foley is asked to leave, he will step down from the board.

6.0) Foregone Income

Mr. Yarlagadda will be entitled to foregone salary income calculated at \$10,000 per month from December 1 of 1997. Mr. Yarlagadda's actual cash payment will be a pro rata share of a \$250,000 total pool to be divided by all Avaj founders for aggregate foregone salary income. Individuals will be able to elect at Series A as to whether they wish to take stock or cash for their foregone salary income. This election is still subject to the terms and conditions of the Series A investors. Loans from Mr. Yarlagadda to the Company will also be treated in the same manner as foregone salary income above.

7.0) Conduct

It is agreed that Mr. Yarlagadda will provide to Mr. Foley and the engineering team a full status report on the Company prior to the Separation and conduct business development and funding efforts as approved and directed by Mr. Foley. Mr. Yarlagadda will transfer all material information regarding the company to Mr. Foley. Mr. Yarlagadda will refer any and all business development and/or funding contacts to Mr. Foley and will not attempt to negotiate and/or discuss the Company's business and/or funding status with any outside party. It is agreed that all legal

documents relating to the Company shall be forwarded to new corporate legal counsel as approved and directed by Mr. Foley.

8.0) Office Space

Office space will be provided to Mr. Yarlagadda on a part time basis for a period of 30 days following the separation.

9.0) Health Insurance

The company will make best efforts to provide health insurance for Mr. Yarlagadda as a Director in the company for a period of 120 days following the separation.

10.0) Stock Escrow

Any escrow amounts with regards to Mr. Yarlagadda's 950K shares shall be determined by the BOD.

11.0) Separation Portrayal

It is agreed that all Avaj employees will not communicate a negative story relating to Mr. Yarlagadda's separation from Avaj.

Signed and Agreed:

Mr. Pete Foley

Mr. Sanjay Vishin

Mr. Srinivas Lingam

Mr. Suresh Kadiyala

Mr. Krishna Yarlagadda